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The Life and Legend of E. H. Harriman. by Maury Klein

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others, such as International Harvest, straddled the fence between agricultural and earth-moving equipment. Entry via agriculture was not universal; R. G. Tourneau was an industry innovator who entered directly into earthmoving. Haycraft clearly favors Caterpillar's model of developing a long line focused primarily on earthmoving. Firms that straddled the fence between earthmoving and agriculture were less successful, partially due to the internal politics of multiple product lines. Firms that tried to diversify into earthmoving without making it their primary business, such as General Motors, had difficulty understanding the dynamics of the market.

Technological change is a recurring theme in the book. Although the first chapter is titled "Creating the Need," Haycraft's primary focus is on the supply side of technological change. As presented, the demand for bigger and better earthmoving equipment was incessant, beginning with canals and mines and continuing through railroad, dam, and interstate construction. Demanders eagerly adopted any new, relevant technologies that the industry provided. From the perspective of the consumer, two types of change occurred: new types of machines were introduced, and existing machines were made larger and more efficient. The rear-dump truck was a new invention, and it was improved by expanding its size from 22 tons in 1947 to 320 tons by the end of the study. Although both types of innovation continue to occur, fewer new products have been generated since the 1950s, and the industry's focus has turned to expanding the scale and efficiency of machines.

Anyone who wonders at the immensity of modern earthmoving equipment and wants to understand the long history of that industry should read *Yellow Steel*. By focusing on business organization and interaction, Haycraft informs a variety of topics. Scholars interested in technological change, the expansion of a firm's scale and scope, marketing history, and the dynamics of an industry over a long period of time will find the book interesting.

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The Life and Legend of E. H. Harriman. By Maury Klein. Chapel Hill: University of North Carolina Press, 2000. Pp. xvi, 521. \$34.95.

Maury Klein, a professor of history at the University of Rhode Island, has written a book that should be read by anyone interested in United States financial history or in the history of American railroads. Readers of good biographies would also be interested. The book is extensively footnoted (54 pages) and uses much new, primary material. This book is clearly the definitive work on Edgar Henry Harriman (1848 to 1909) and is a fascinating look at big business of the dawn of the twentieth century. One-fifth of the book is devoted to Harriman's life to age 50. The rest of the book covers the last ten years of his life, a period in which Harriman established the largest rail transportation empire in the world.

In 1870, at the age of 22, Harriman became a member of the New York Stock Exchange. He spent the next 15 years running his firm, honing his financial skills, making business contacts, and enhancing his reputation as a keen and reliable Wall Street banker.

Working with Stuyvesant Fish, Harriman was the financial brains behind the growth and prosperity of the Illinois Central. By the mid-1890s Harriman was seeking new challenges and saw a chance to acquire the Union Pacific in 1898. The railroad had been kept in good condition, had a good transcontinental route, and Harriman anticipated that traffic would be there in large quantities, and he transformed the Union Pacific into a modern, efficient railroad.

Bigger payloads needed longer trains with larger cars and heavier engines. This meant tracks with straighter lines, lower grades, better bridges, updated signals, and more sidings

(p. 130). Some of the most interesting portions of the book concern how these daunting engineering feats were accomplished. No project was too big or expensive for Harriman if he judged it to be cost efficient. In 1901 he took control of the Southern Pacific and did the same for it. He reorganized these old systems, transforming them into lucrative businesses (p. 280).

Harriman took the railroad industry into a new era of high-volume traffic carried at low prices. He had the courage and vision to spend heavily on modernizing his roads at a time when this was not the conventional wisdom (p. 445). In upgrading his railroads, what counted most to Harriman was his respect and trust of the officers in charge of his lines. He analyzed men as much as facts and would ignore cost overruns as long as he got the results he wanted (p. 126). Nearly all his key executives who oversaw rail operations were trained as engineers. He would hire top men to do the civil engineering work but also wanted managers who understood what the engineers were telling them (p. 255).

"He did not invent the notion that the proper policy for the newly emerging era of railroads was to put a road in the best physical condition to haul the largest possible traffic at the lowest cost. What he did was gauge with remarkable accuracy the point in time when that policy would pay handsome returns" (p. 85). He preferred to invest in railroads which were already built rather than build new ones (p. 91).

Several years before his death in 1909 Harriman ran into conflict with Theodore Roosevelt and federal government antitrust activities. The question of how much power any one man should be permitted came to the fore. In the giant corporations, wealth and power had accumulated to a degree never before known (p. 395). The book has a good discussion of Harriman's role in the merger movement of the early 1900s.

What awed the people around Harriman was his ability to make decisions so quickly and still reach sound conclusions (p. 125). He had the ability to move from insight to conclusion in a flash and possessed enormous energy and willpower (p. 211). James Stillman, his close associate with National City Bank, once asked Harriman what it was in life that most interested him and gave him the greatest pleasure. Harriman responded, "Well, I would rather to think of some helpful thing to be done, get all the people I could opposed to it and say that it couldn't be done, and then set both feet and go ahead and do it." That, Stillman thought, was the quintessential Harriman (p. 404).

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GENERAL AND MISCELLANEOUS

A Not-So-Dismal Science: A Broader View of Economies and Societies. Edited by Mancur Olson and Satu Kähkönen. Oxford: Oxford University Press, 2000. Pp. vii, 274. \$65.00, cloth; \$19.95, paper.

Mancur Olson and Satu Kähkönen contend that the collection of articles in *A Not-So-Dismal Science* supports a daring premise. They argue that the quantitative and theory-based approach of economics has migrated from the "central city" of mainstream economics to the suburbs—law, history, political science, sociology—a migration that caused expansion and dynamism in the suburbs, while the downtown declined and stagnated. Moreover, in their view suburbanization has made economics less "dismal." By identifying obstacles to the emergence of efficient markets, the research in the suburbs has shown that there are indeed free lunches, or, in Olson's phrase in the chapter of the same title, "big bills left on